



Innofactor Interim Report Q4/2021 and Financial Statement 2021

February 17, 2022, Markku Puolanne, CFO

[#ModernDigitalOrganization](#) | [#HybridWork](#) | [#PeopleFirst](#) | [#CreatingSmiles](#)

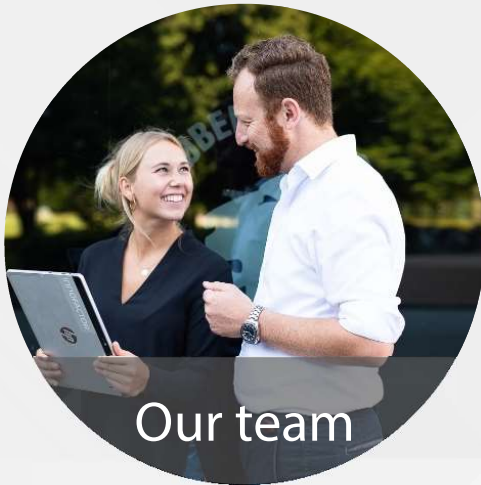


Innofactor's Business

Driving the Modern Digital Organization
in the Nordic Countries

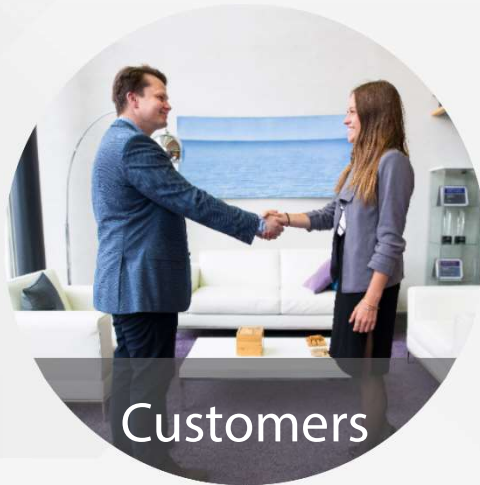
INNOFACTOR®

Innofactor – Leading Nordic driver of Modern Digital Organization



Our team

- Approx. 500 Nordic professionals
- 16 enterprise level Microsoft Gold competencies
- 10+ Microsoft Partner Awards



Customers

- Approx. 1,000 Nordic customers
- Strong industry knowledge in private, public and membership-based organizations



Company

- Revenue 66+ MEUR and EBITDA 15+% (2021)
- 15 offices in Nordic countries
- Listed in Helsinki Stock Exchange (NASDAQ Helsinki), 12 000+ shareholders

Microsoft
Partner



Gold Application Development
Gold Application Integration
Gold Cloud Business Applications
Gold Cloud Platform
Gold Cloud Productivity
Gold Collaboration and Content
Gold Data Analytics
Gold Data Platform
Gold Datacenter
Gold DevOps
Gold Enterprise Mobility Management
Gold Enterprise Resource Planning
Gold Project and Portfolio Management
Gold Security
Gold Small and Midmarket Cloud Solutions
Gold Windows and Devices

Start Up – Everything for Everyone

- Innofactor founded by Sami Ensio in Jan 2000
- Innofactor's first Microsoft-based product "Prime" released

#1 in Selected Micro Segments

- Microsoft SharePoint pioneer
- First M&A activities

#1 Microsoft-based Provider in Finland

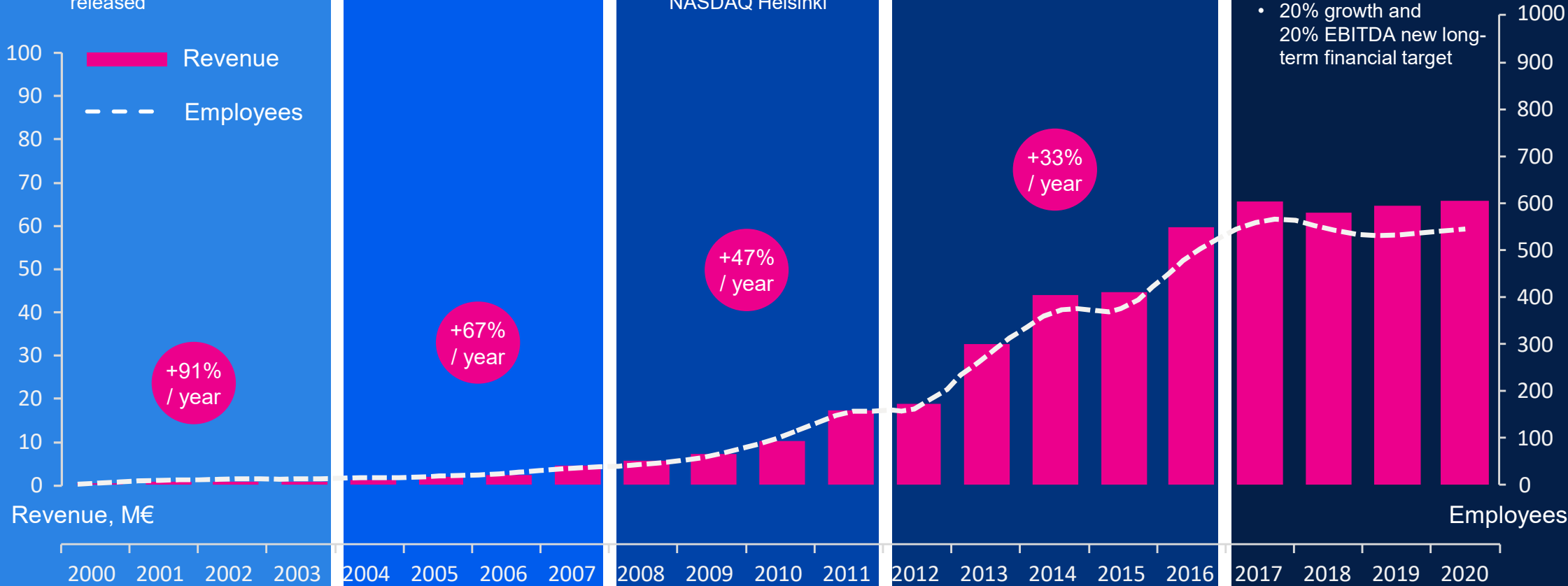
- CRM, BI and case management included in the offering
- Reverse IPO, NASDAQ Helsinki

#1 Microsoft-based Provider in the Nordics

- Cloud transition
- Several acquisitions in the Nordic countries

#1 Provider of Cloud Solutions and Digital Transformation in the Nordics

- Harmonizing offering across the Nordics
- 20% growth and 20% EBITDA new long-term financial target



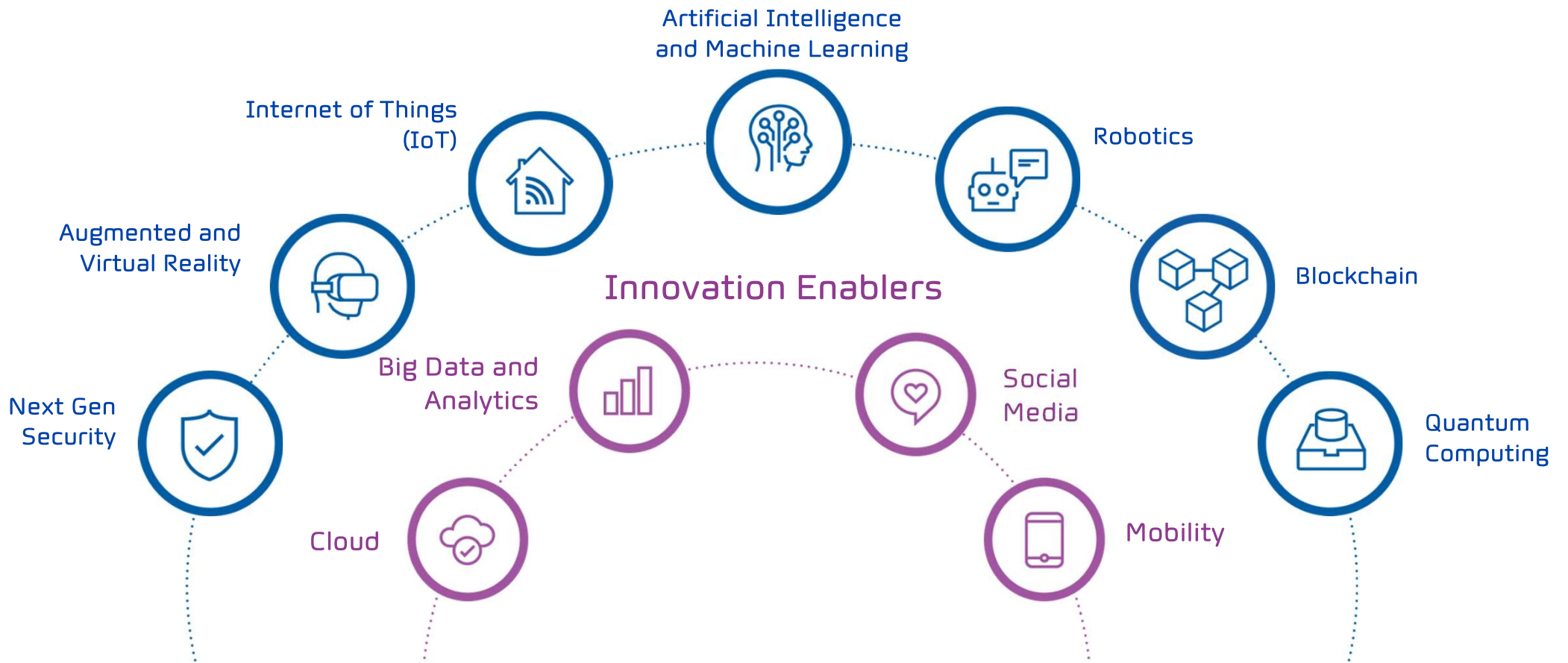
INNOFACTOR®

"Innovating to make
the world work
better."

Sami Ensio,
founder and CEO



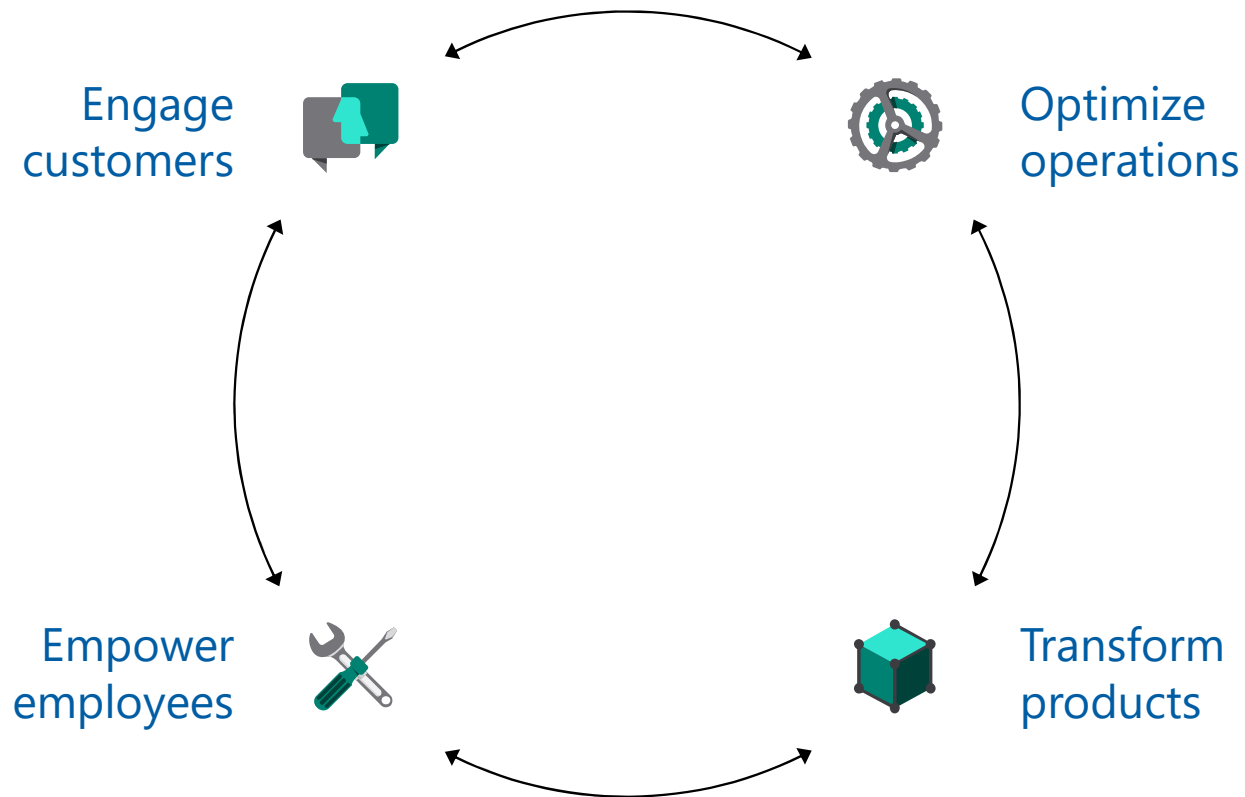
Key Trends Driving Innovation



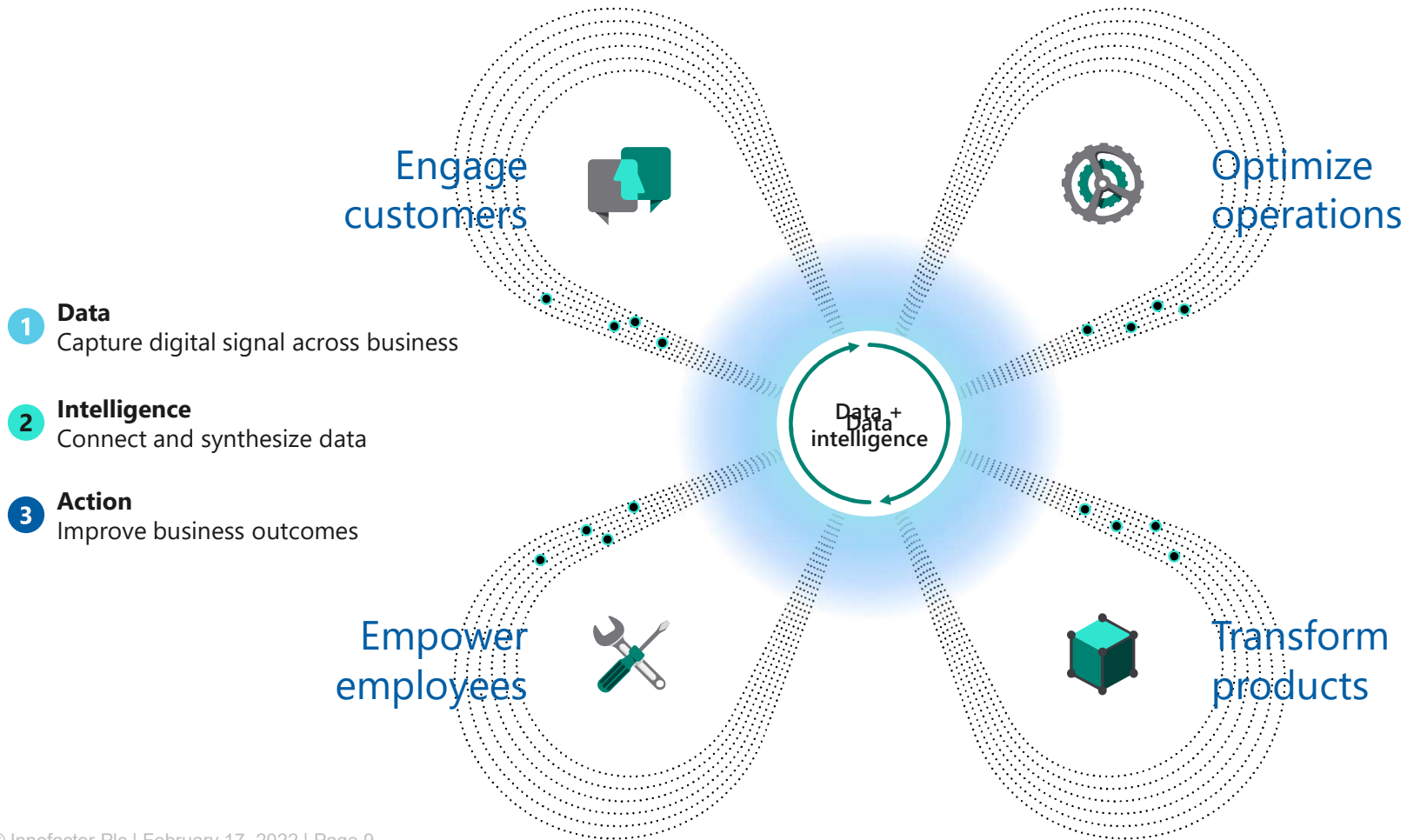
Our mission is to drive the modern digital organization.



Key Stakeholders of B-to-B Digital Transformation



Digital Feedback Loop





Digital Services

Software Development and DevOps
App and Data Modernization
Process Digitalization
Low-code Development

Cloud Infrastructure

Managed Operations and DevOps
Cloud Transformation
Governance and Automation
Migrations



Business Solutions

Sales and Marketing | CRM
Customer Service Enablement
Finance and Operations | ERP
Project and Membership Management

Data and Analytics

Data Platform
Advanced Analytics and BI
Master Data Management | MDM
AI, Real Time Analytics and IoT



Information and Case Management

Collaboration and Intranets
Document and Records Management
Case and Decision Management
Contract and Quality Management

Cybersecurity

Security Assessment
Hybrid Work Security
Platform and Solution Security
Identity and Access Management | IAM



#ModernDigitalOrganization

Our Delivery Model for Successful Design, Implementation and Adoption of Cloud Solutions to Maximize Customer Lifetime Value



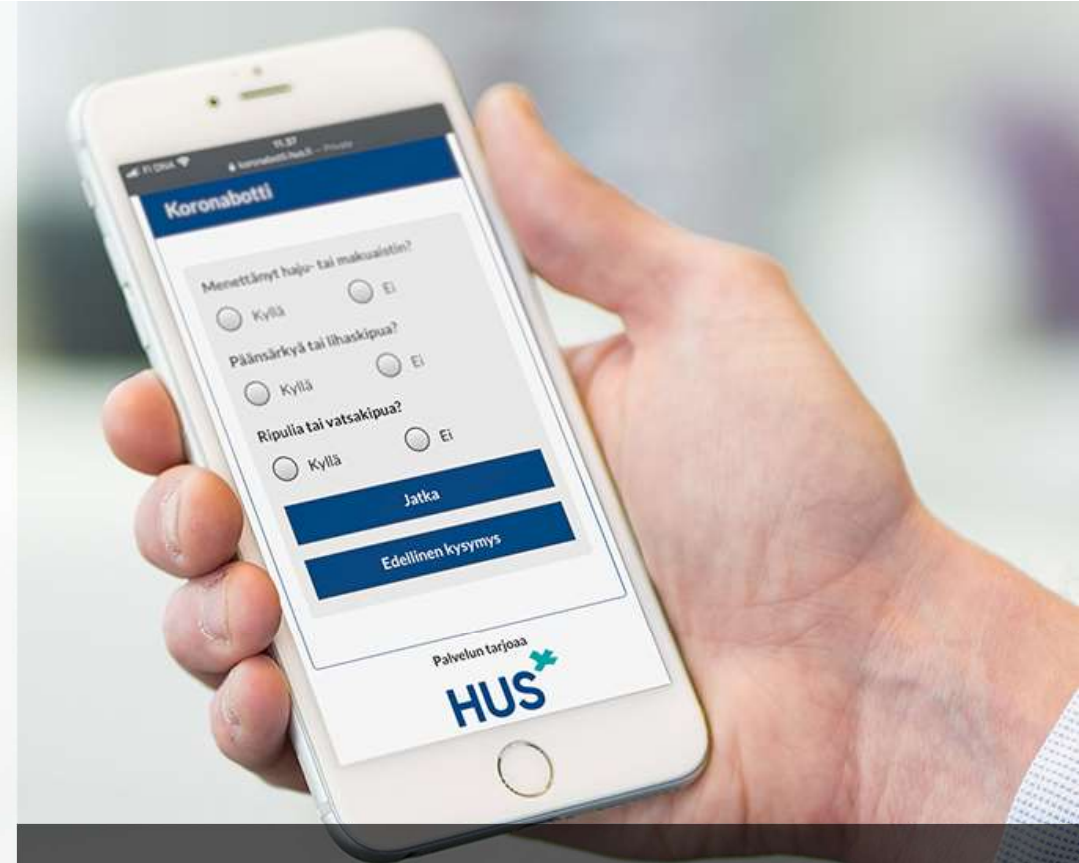
HUS

COVID-19 Apps Help Identify Infections and Trace Exposure

The Hospital District of Helsinki and Uusimaa (HUS) is the largest health care operator and the second largest employer in Finland. HUS has 24 member municipalities and consists of five hospital areas: Helsinki University Central Hospital, Hyvinkää, Lohja, Porvoo and West Uusimaa. HUS is responsible for the most challenging specialized medical care in Finland and in charge of the nationwide treatment and research of a number of rare and severe illnesses. HUS employs about 27,000 professionals.

Since 2015, Innofactor has been involved in the Health Village project coordinated by HUS. The Health Village is a public online service for specialized medical care, produced in cooperation with specialists, in other words HUS personnel and solution suppliers, as well as patients. The service makes health care services available to anyone, regardless of their place of residence. The project has been developed in cooperation with all the university hospital districts of Finland, and since early 2021 the insight accrued in the project has also been used in an international EU project.

In 2020, the significance of digital services in health care increased even more due to the COVID-19 pandemic, and the demand for e-consultations, chatbots and chat services grew considerably. Innofactor has been involved in projects such as the development of a Coronabot for the Health Village online service, helping users identify symptoms, assess the likelihood of a COVID-19 infection and find a testing location, if necessary. The bot offers easy assistance to citizens who are worried about their symptoms. Consultations at HUS can be carried out remotely, offering the patients treatment despite COVID-19. In addition to developing the Coronabot and solutions for tracing those exposed to COVID-19, Innofactor maintains a COVID-19 vaccination appointment app and a digital FINENTRY service that makes it easier for those arriving in Finland to get tested for COVID-19.



"The COVID-19 pandemic has provided unprecedented proof of the importance of functional, digital solutions in health care. The COVID-19 apps have made it easier for patients to seek treatment and for our professionals to more efficiently help our patients. HUS wants to be at the forefront of development, and this development is enabled by our IT partners, such as Innofactor."

Sirpa Arvonon

Lead of eHealth Services

HUS IT Management, eHealth Services



"Transitioning to the cloud helps our innovation efforts and makes us sleep better at night. I was also impressed by the comprehensive documentation of all decisions, Innofactor's unique cloud expertise and, last but not least, the speed of implementation. We could never have achieved this so quickly without Innofactor's help."

Camilla Ukkestad
Project Manager
Ullensaker Municipality

Ullensaker Municipality

A Cloud Platform for a Modern Municipality

The Norwegian Municipality of Ullensaker has more than 40,000 inhabitants with approximately 21% of the population born outside of Norway. Norway's most important and largest international airport is also located in the municipality. Ullensaker is the fastest-growing municipality in Norway, which has brought certain challenges. The rapidly growing young population expected to see more modern digital services and the municipality had to respond to this by quickly improving and developing its social infrastructure.

Wanting to take a novel approach, Ullensaker municipality decided to establish an innovation and digitalization unit. After a comprehensive assessment of the needs and opportunities as well as decisions made by other municipalities, Ullensaker made a bold choice on its new IT strategy in June 2019. It decided to build all of its future IT services in the cloud to avoid the burden associated with the use of old technologies. This enables a futureproof IT environment that is seamlessly integrated into the development and delivery of the municipality's services. During the process, it became clear that the execution of the chosen strategy would require updating the organization's internal knowhow as well as external cloud expertise. In February 2020, Ullensaker chose Innofactor as its project implementation partner based on the company's extensive experience with Microsoft technologies and cloud services.

The Innofactor Virtual Data Center (VDC) concept, which takes advantage of Microsoft Azure cloud services and the latest IaC (Infrastructure as Code) practices, provided Ullensaker with a solid foundation for the development of its new cloud platform. The Innofactor Virtual Data Center (VDC) concept provided Ullensaker with a solid foundation for the development of its cloud platform. Ullensaker and Innofactor started a partnership to develop reference architecture that features data protection, identity management and unit processing practices tailored specifically to the needs of the local government sector. By early 2021, Innofactor was already in the process of moving the existing platform and applications to the cloud platform.

Innofactor® TeamsMate™

More efficient and productive use of Microsoft Teams

Many organizations have been forced to quickly move to a state of wide-spread remote work. At the same time, the use of collaboration solutions has increased. Unfortunately, the rapid rate of change has also led to a lack of control and collectively agreed-upon usage practices.

Innofactor TeamsMate makes using Microsoft Teams easier and allows IT departments to manage it effectively. The SaaS solution includes features that make it possible to automatically create teams based on the organization's naming practices as well as functionality related to team lifecycle management, for example. Launched at the beginning of 2021, the solution is continuously developing and new useful features are added all the time.



Innofactor® DataSight™

Make decisions cost-effectively based on data instead of intuition

Most organizations feel that they are not adequately using all of the data that is of central significance to their operations. At the same time, the amount of data available in internal, external, and open sources continues to grow.

Innofactor DataSight is a cost-effective packaged analytics solution that enables data-driven decision-making for the entire organization through clear reports and real-time data compiled from key sources.

It is based on more than three years of development as well as our understanding of the analytics needs of multinational service business. Significant focus has been placed on the usability of reports to ensure that key conclusions based on data are quickly accessible to the management. Our strong expertise in Microsoft platforms enables the quick deployment of the solution in organizations that use Microsoft Dynamics 365 based CRM and ERP solutions, for example. The solution will be available throughout the Nordic region in 2021.

Innofactor® Dynasty™

Market leader in information and case management in Finland

Dynasty 10 is a versatile software suite for information management processes of any size. Processes can be flexibly modified to meet the needs of different fields of operations, which makes Dynasty a suitable case management tool for both municipal and state administration.

During its 30 years of existence, Dynasty has been continuously developed to match the customers' needs. In the new Dynasty 10, the experience and competence that Innofactor has acquired from its 300+ customers in municipal and state administration comes together with modern user-oriented software design.

Dynasty's main functionalities include information and document management, case management, the management of agreements and decisions by office-holders and administrative bodies, meetings, contract management, transaction and publication services, electronic signature and archive.

Microsoft awarded Innofactor as ISV Partner of the Year 2021 in Finland. The award focused on Innofactor Dynasty it is a demonstration of Innofactor's long-term software development and comprehensive work to promote the digitalization of Finnish organizations.



THE NATIONAL ARCHIVES
OF FINLAND

SÄHKE2 certificate

eAMS-system
Operational information system
Archiving



We Create Innovations with Our Leading Customers

Approx. 1,000 Commercial, Public Sector and Membership-based Customers





Our aim is to become the leading Nordic digital transformation partner in the Microsoft ecosystem.

Microsoft
Partner



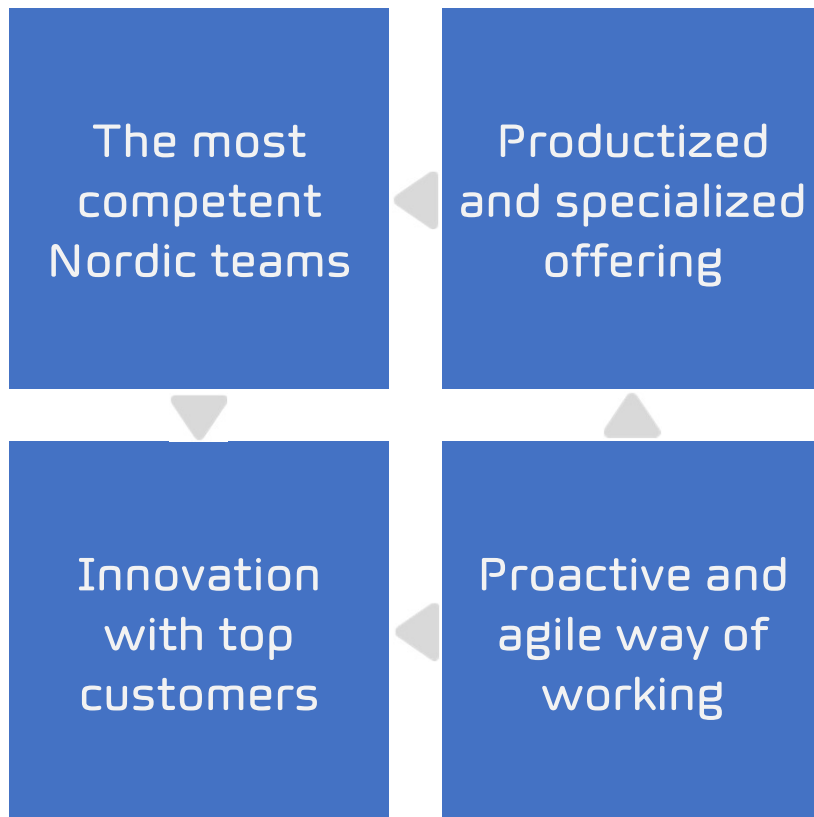
Gold Application Development
Gold Application Integration
Gold Cloud Business Applications
Gold Cloud Platform
Gold Cloud Productivity
Gold Collaboration and Content

Gold Data Analytics
Gold Data Platform
Gold Datacenter
Gold DevOps
Gold Enterprise Mobility Management

Gold Enterprise Resource Planning
Gold Project and Portfolio Management
Gold Security
Gold Small and Midmarket Cloud Solutions
Gold Windows and Devices

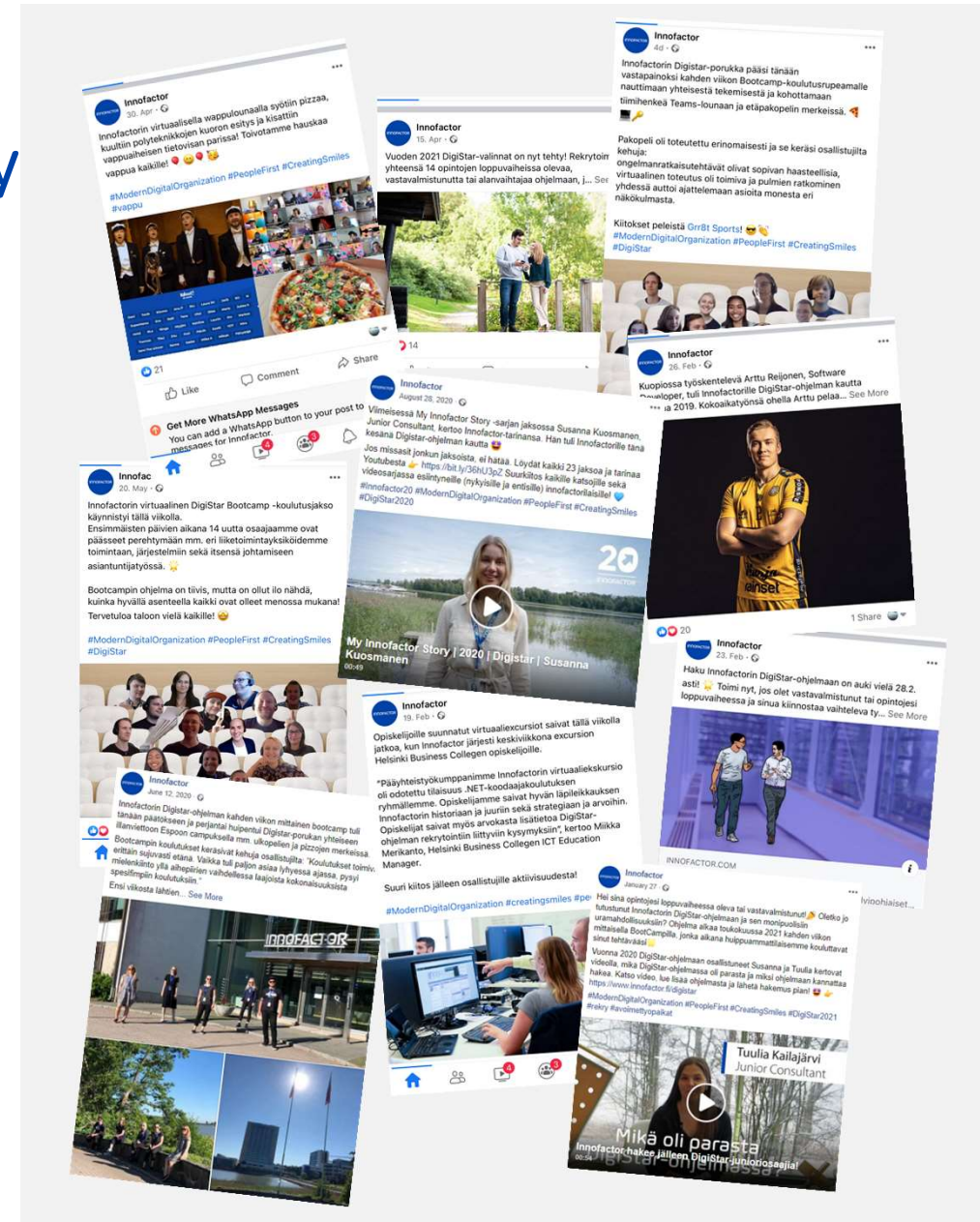


Strategic choices, working principle and values



Moving forward in a sustainable way by employing young people

- Innofactor is convinced that the long-term success is based on sustainable operations
- Our digital solutions are in key position in curbing climate change and promoting sustainable development
- We see employing young graduates as a key focus in our sustainable operations
- Innofactor recruited in Finland in 2021 14 graduate students in our DigiStar program



Executive Board of Innofactor Group

02:03:43



Leave



Sami Ensio, CEO and Country Manager for Finland

M.Sc. Innofactor's founder, CEO and member of the Board of Directors since 2000. Born in 1971. Ownership 5,712,382 shares.



Jørn Ellefsen, Country Manager for Norway and Denmark

MBA. Employed by Innofactor since 2019. Born in 1971. Ownership 80,500 shares.



Marcus Hasselblad, Country Manager for Sweden

M.Sc. (Tech.). Employed by Innofactor since 2020. Born in 1968. Ownership 8,300 shares.



Janne Heikkinen, Executive Vice President, Products and Services

M.Sc. Employed by Innofactor since 2015. Born in 1974. Ownership 123,044 shares.



Markku Puolanne, CFO

B.Sc. (Econ.). Employed by Innofactor since 2019. Born in 1973. Ownership 10,000 shares.



Vesa Syrjäkari, EVP, Business Dev. and Operational Excellence

M.Sc. (Econ.). Employed by Innofactor since 2017. Born in 1960. Ownership 60,000 shares.



Martin Söderlind, Chief Innovation and Talent Officer

B.Sc. (Not finished). Employed by Innofactor as of April 1, 2021. Born in 1971. Ownership 0 shares.

The Board of Directors of Innofactor Plc

01:47:04



Leave



Anna Lindén, Chairman

M.Pol.Sc. Chairman of the Board since 2020 and member of the Board since 2018. Born in 1973. Ownership 79,150 shares.



Sami Ensio

M.Sc. (Tech.). Innofactor's founder, CEO and member of the Board of Directors since 2000. Born in 1971. Ownership 5,712,382 shares.



Risto Linturi

M.Sc. (Tech.). Member of the Board of Directors since 2018. Born in 1957. Ownership with companies he has control over 826,411 shares.



Heikki Nikku

BBA (not finished). Member of the Board of Directors since 2020. Born in 1956. Ownership 20,138 shares.

Innofactor's Founder and CEO

Sami Ensio, born 1971, M.Sc. (Tech.)

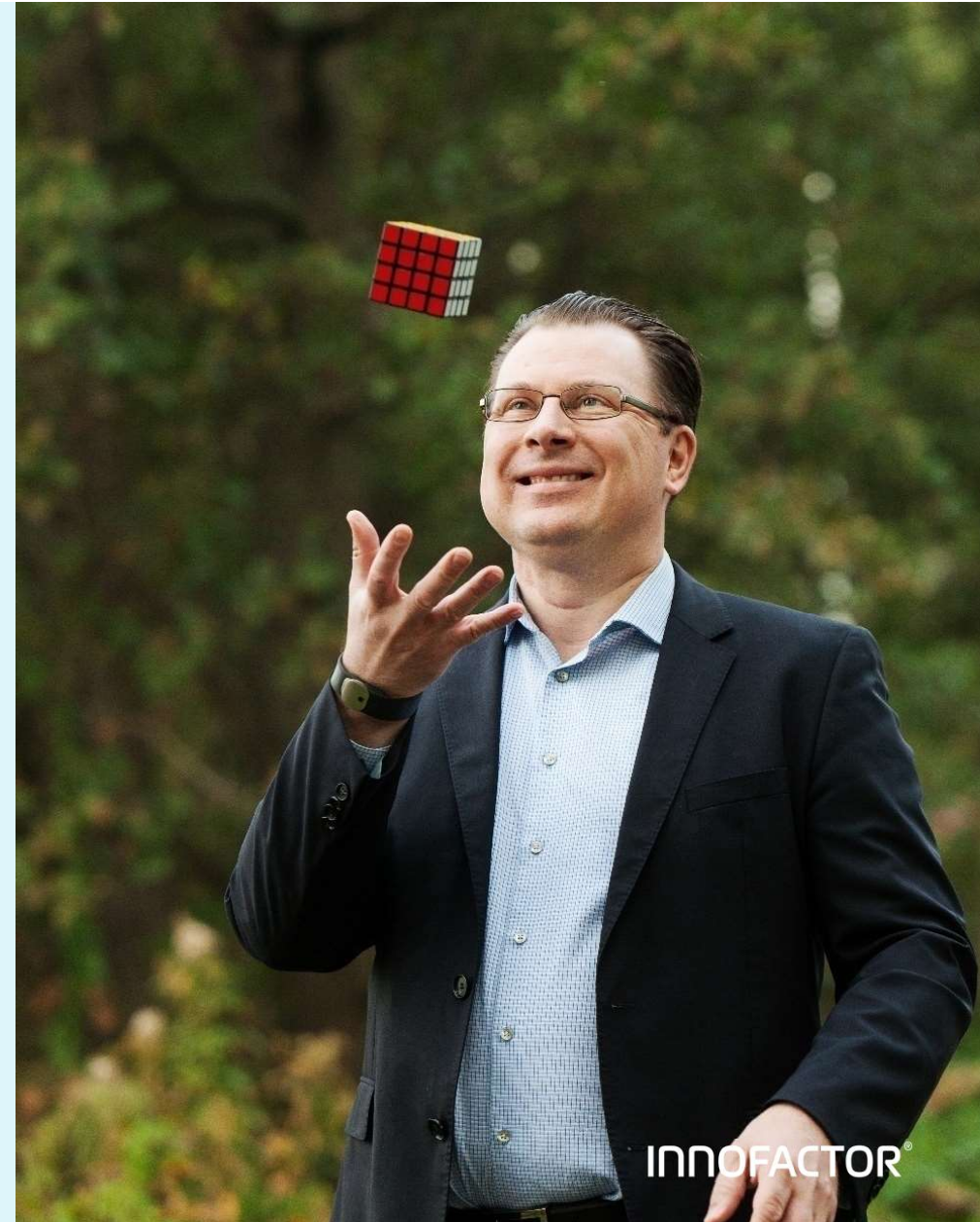
Founder and CEO of Innofactor. Previously member of the Omnitele Management Team. Several positions of trust in the Federation of Finnish Technology Industries and Confederation of Finnish Industries, for example, Vice Chairman of the Federation of Finnish Technology Industries.

Sami Ensio's specialties include solid and comprehensive know-how of the software industry as well as strategic and operational leadership and managing profitable growth. Sami Ensio was, for example, selected Software Entrepreneur of the year by the Finnish Software Entrepreneurs Association.

Education: Master of Science (Technology), technical physics, Helsinki University of Technology (Aalto University), legal studies at the University of Helsinki and general business studies at University of California, Los Angeles UCLA.

Shareholding: about 7.9 million shares (circa 21%)

More information: <https://fi.linkedin.com/in/ensio>



Organization

Board of Directors
 Anna Lindén (Ch.) Sami Ensio
 Risto Linturi Heikki Nikku

Sami Ensio
 President and CEO

Markku Puolanne
 Chief Financial Officer (CFO)

Vesa Syrjäkari
 EVP, Biz Dev and Oper Excellence

Martin Söderlind
 Chief Innovation & Talent Officer

PRODUCTS AND SERVICES
Janne Heikkinen
 EVP, Products & Services

FINLAND
Sami Ensio
 President and CEO,
 Country Manager, Finland

SWEDEN
Marcus Hasselblad
 Managing Director,
 Country Manager, Sweden

DENMARK
Jørn Ellefsen
 Managing Director,
 Country Manager, Denmark

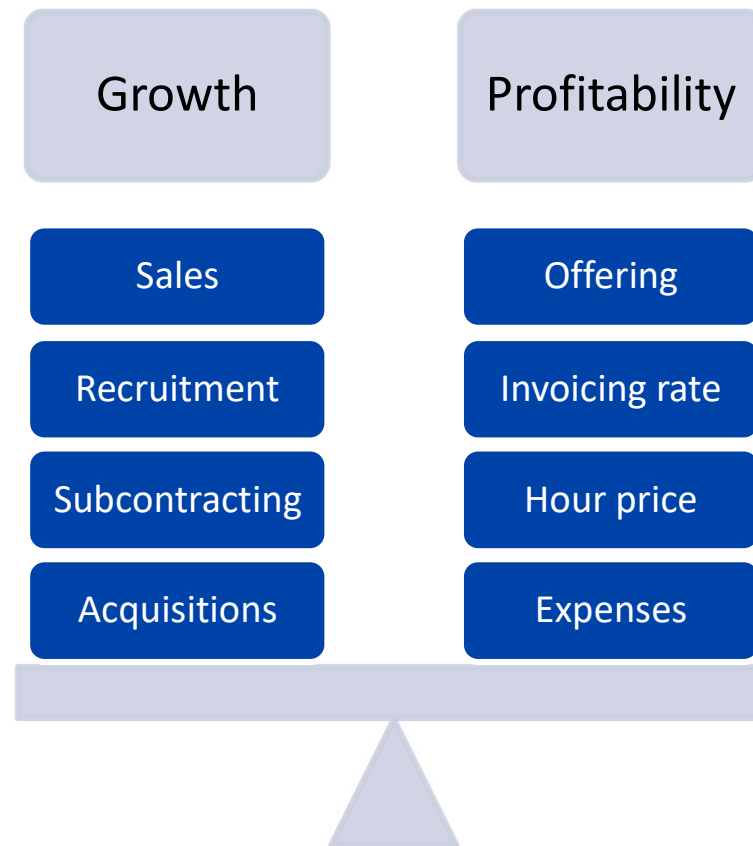
NORWAY
Jørn Ellefsen
 Managing Director,
 Country Manager, Norway

	Digital Services Heikki-Harri Kukkonen	Business Solutions Jyrki Vepsäläinen	Information and Case Management Vesa Niinistö (April 11, 2022)	Cybersecurity Solutions Jarno Limnéll	Data and Analytics Stella Diesen	Cloud Infrastructure Marko Lybeck
Sales & Customers Jarkko Lindroos						
HR Riikka Hägg						

Our long-term financial goals are annual growth of about 20 percent, approximately 20 percent EBITDA in relation to net sales, and maintaining positive cash flow and a solid financial standing in all situations.

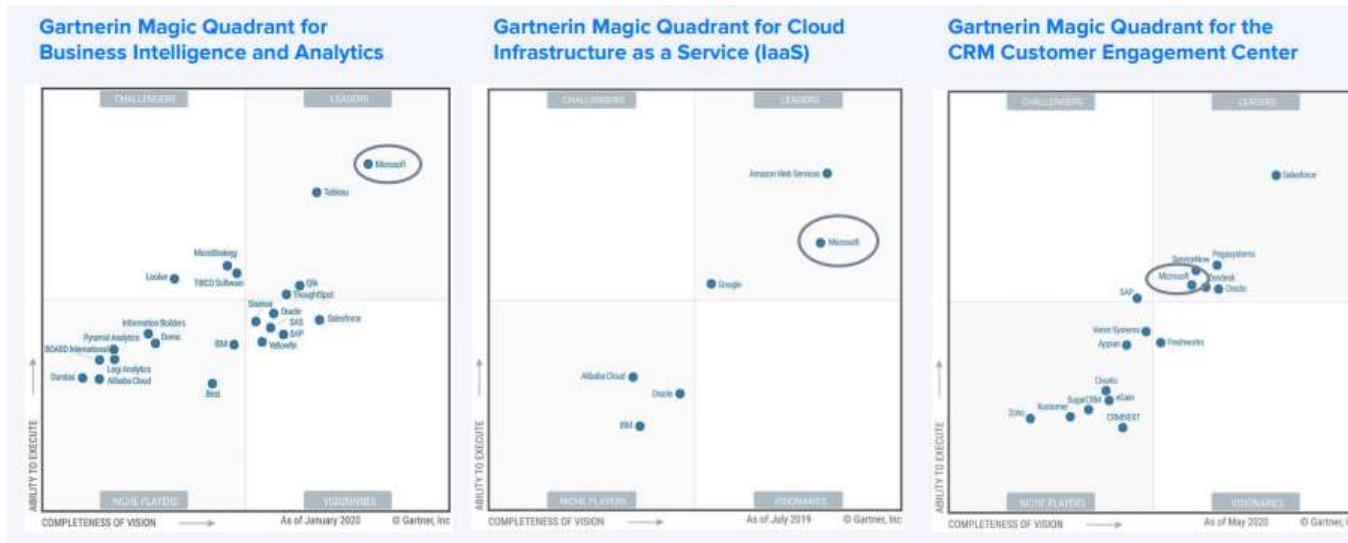


The elements of profitable growth



Microsoft Has the Leading Ecosystem in Innofactor's Strategic Focus Areas

- Microsoft is the leading global provider in Innofactor's strategic focus areas
- By focusing on the Microsoft ecosystem Innofactor can attract the best talent and know-how and have close relations to Microsoft
- If Microsoft were to lose its leading position in some areas Innofactor could transition to other partners in these areas



© Innofactor Plc | February 17, 2022 | Page 20
 * Source: Gartner 2018–2020, internet
 ** Source: Nucleus Research 2020, internet

Innofactor Competitive Positioning in the Nordic EUR 10 Billion Microsoft IT Services Market

Nordic IT services market
25 billion euro*

Nordic Microsoft
IT-services market
10 billion euro**

Mid-sized, not in all Nordic Countries, several technologies
- E.g. Siili, Solita, Digia, Netcompany and Precio

Our Competitive Advantage:
- leading know-how in Microsoft-based solutions
- productized offering

Large companies, in every Nordic Country, all solution areas, and several technologies
- E.g. TietoEvy, CGI and Fujitsu

Our Competitive Advantage:
- more skilled local professionals
- better productized offering
- more flexible mode of operation

INNOFACTOR®

Our Competitive Advantage:
- Trustworthiness of a listed company
- Established processes
- Strong customer references.

Our Competitive Advantage:
- leading know-how in Microsoft-based solutions
- stronger industry focus & knowledge
- Broader offering

Mid-sized, in every Nordic Country, focusing on specific solutions
- E.g. Atea, HiQ, and Knowit

Small companies, usually only in home market, one solution or one technology
- E.g. Sulava, Clouddriven ja Proactive

* Source: IDC, internet

** Estimate Microsoft market share to approx. 40%

>0%

>0%



Financial Information

INNOFACTOR®

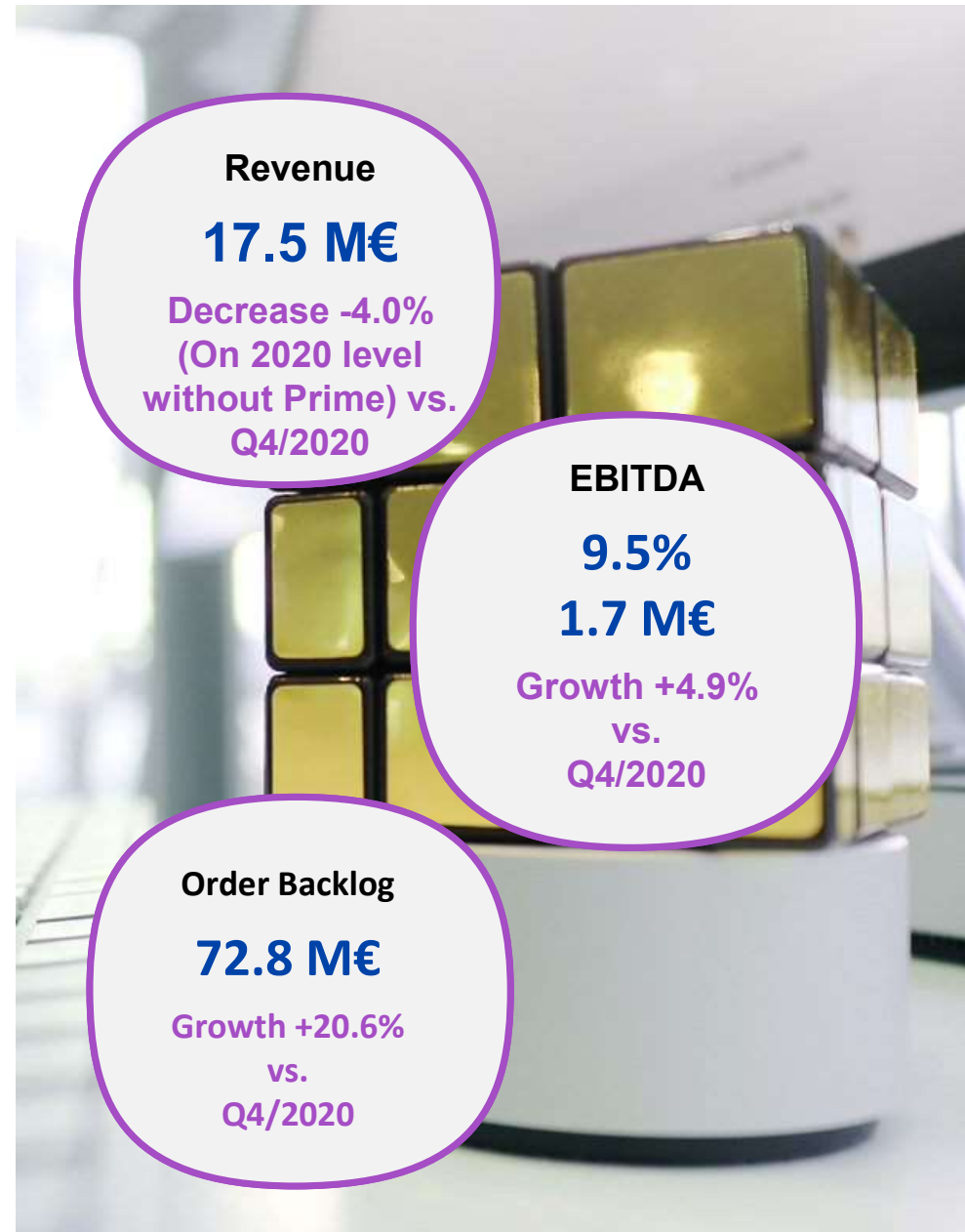
Q4/2021 Results

Innofactor achieved the highest-ever net sales, EBITDA, and order backlog in 2021

Net sales in the fourth quarter of 2021 were EUR 17.5 million, representing a year-on-year decrease of 4.0 percent. Excluding the Prime business sold on March 31, 2021, the year-on-year growth rate in the fourth quarter would have been on the same level as in 2020.

The operating margin (EBITDA) grew by 4.9 percent year-on-year and came to EUR 1.7 million (9.5 percent of net sales). EBITDA was positive in Finland, Sweden, Norway and Denmark.

In the fourth quarter, the order backlog was roughly at the same level as in the previous quarter. The order backlog amounted to EUR 72.8 million at the end of the quarter, representing year-on-year growth of 20.6 percent.



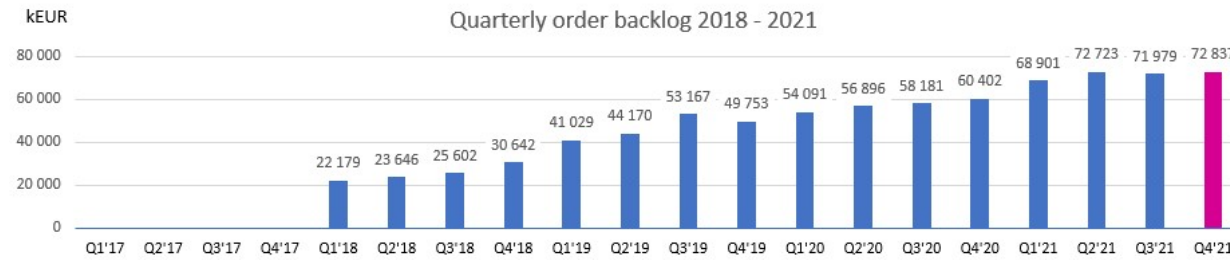
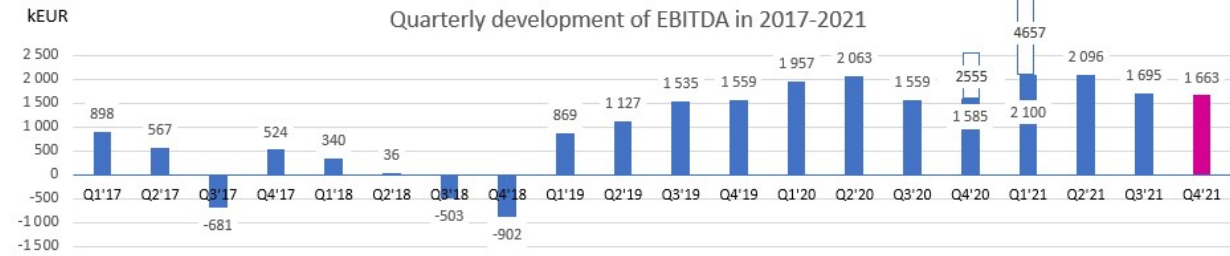
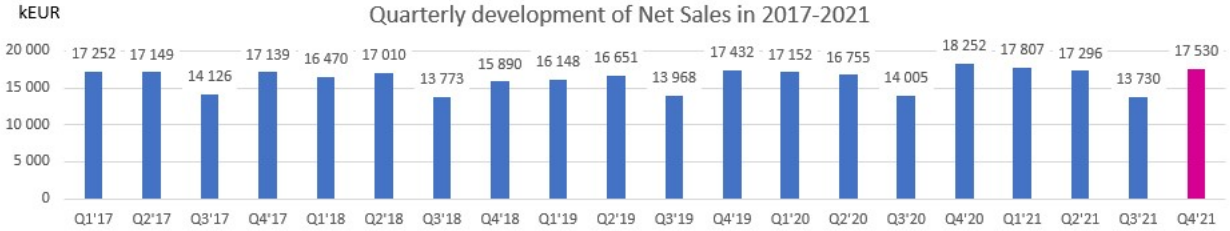
2021 Actuals

Selected Key Figures

	2021	2020	Change (%)	CEO's comment
Net Sales (kEUR)	66,364	66,164	+0,3% (+3,5%)	<i>"Net sales in 2021 amounted to EUR 66.4 million, representing year-on-year growth of 0.3 percent. Excluding the Prime business sold on March 31, 2021, from April 1, 2021, onwards the comparable rate of growth was 3.5 percent, consisting entirely of organic growth."</i>
EBITDA (kEUR)	10,111 (7,554)	7,164	+41,1% (+5.4%)	<i>"The operating margin (EBITDA) grew by 41.1 percent year-on-year and was EUR 10.1 million (15.2 percent of net sales), of which the sale of the Prime business during the first quarter accounted for approximately EUR 2.6 million."</i>
Order Backlog (kEUR)	72,837	60,402	+20.6%	<i>"The order backlog amounted to EUR 72.8 million at the end of the quarter, representing year-on-year growth of 20.6 percent."</i>
Equity Ratio (%)	51.1% (54.7%)	42.2% (41.4%)	+21.1%	<i>"In the review period, Innofactor repaid approximately EUR 2.7 million of its loans prematurely. The strong operating cash flow and financial position support Innofactor's strategic goal of profitable growth and securing solid financial standing in all situations."</i>

Quarterly Development of Innofactor Group Financials

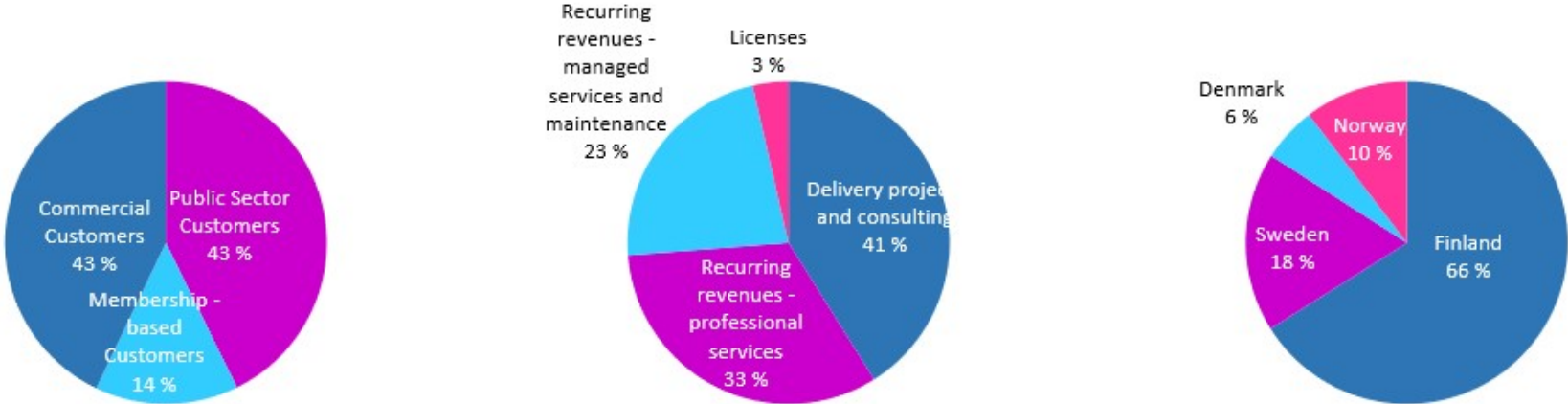
Increased revenue is typically reflected immediately in EBITDA



Increased order backlog effects the revenue typically with 1 to 2 quarter delay

Broad Customer Base, Long-term Contracts and Business Footprint in The Nordic Countries Bring Scalability and Stability

Distribution of net sales January 1 to December 31, 2021



- Strong customers in public private and third sectors bring stability in economic fluctuations
- 10 largest customers account for approximately 28% of net sales

- Recurring revenues from service agreements and license sales bring competitive advantage, scalability and stability
- Sales of consultant’s work moving increasingly to frame agreements and continuous development

- Sweden, Denmark and Norway represented a significant portion of Innofactor’s revenues
- Innofactor’s objective is to create a strong position in all Nordic countries

Innofactor Key Financials, IFRS

Key figures of the group, IFRS

	Oct 1–Dec 31, 2021	Jul 1–Dec 31, 2021	Change	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020	Change
Net sales, EUR thousand	17,530	18,252	-4.0%	66,364	66,164	0.3%
Growth of net sales	-4.0%	4.7%		0,3 %	3,1 %	
Operating result before depreciation and amortization (EBITDA), EUR thousand	1,663	1,585	4.9 %	10,111	7,164	41.1 %
percentage of net sales*	9.5 %	8.7 %		15.2 %	10.8 %	
Operating profit/loss (EBIT), EUR thousand*	523	404	29.6 %	6,519	2,501	160.7 %
percentage of net sales*	3.0 %	2.2 %		9.8 %	3.8 %	
Earnings before taxes, EUR thousand*	330	951	-65.2 %	5,730	2,050	179.5 %
percentage of net sales*	1.9 %	5.2 %		8.6 %	3.1 %	
Earnings, EUR thousand*	297	257	15.6 %	4,504	1,761	155.7 %
percentage of net sales*	1.7 %	1.4 %		6.8 %	2.7 %	
Order backlog	72,837	60,402	20.6 %	72,837	60,402	20.6 %
Net gearing*	30.9 %	52.5 %		30.9 %	52.5 %	
Net gearing without IFRS 16	18.1 %	35.7 %		18.1 %	35.7 %	
Equity ratio	51.1 %	42.2 %		51.1 %	42.2 %	
Equity ratio without IFRS 16	54.7 %	41.4 %		54.7 %	41.4 %	
Active personnel on average during the review period**	495	543	-8.8 %	516	544	-5.1 %
Active personnel at the end of the review period**	500	541	-7.6 %	500	541	-7.6 %
Earnings per share (EUR)	0.0080	0.0069	16.8 %	0.1208	0.0471	156.4 %

*) In accordance with IFRS 3, the operating result for October 1–December 31, 2021, includes EUR 74 thousand (2020: 473) and for January 1–December 31, 2021, EUR 464 thousand (2020: 1,894) in depreciation related to acquisitions, consisting of allocations of the purchase price to intangible assets.

***) The Innofactor Group monitors the number of active personnel. The number of active personnel does not include employees who are on a leave of over 3 months.


Realization of the strategy in the review period (2021)

- Target 1: Ca 20 percent yearly growth, mainly organic growth
 - Growth was 0.3 percent compared to previous year. Excluding the Prime business sold on March 31, 2021, the comparable organic growth as of April 1, 2021 was 3.5%. Net sales decreased in Finland and Sweden, but increased in Denmark and Norway.
 - The near record EUR 72.0 million order backlog supports the revenue growth target.
- Target 2: Ca 20 percent EBITDA
 - EBITDA was 15.2 percent of revenue, increasing 41.1 percent. The EBITDA includes a sales gain of approximately EUR 2.6 million from the sale of the Prime business, without which the operating margin would have been approximately EUR 7.6 million (11.4 percent of net sales and growth of 5.4 percent from the previous year).
 - Innofactor increased its profitability slightly (without Prime business) but still some work needed to reach the 20% profitability target.
- Target 3: Positive cash flow and financial solidity in all situations
 - Innofactor operative cash flow was EUR 8.9 million increase of 76.7 % and equity ratio at the end of review period was 51.1 percent (growth 21.1%).
 - Strong operative cash flow and good financial position support the strategic growth target securing solid financial standing in all situations.



Dividend Distribution

- According to the policy, the aim of the Board of Directors is
 - to pay a dividend regularly each year
 - to pay about half of the result for the financial period in dividends, taking into account the company's financial position, possible corporate reorganizations and other development needs
- Board of directors proposes that
 - distribute repayment of capital amounting to **EUR 0.08** per share
- In addition Board of directors proposes that
 - To authorize the company's Board of Directors to decide on a potential extra dividend and repayment of capital of maximum EUR 3,279,058 (**EUR 0.08** per share taking into account the share issue authorization proposed to the Board of Directors)



Innofactor's net sales and operating margin (EBITDA) in 2022 are estimated to increase from 2021, during which net sales were EUR 66.4 million. Innofactor's operating margin (EBITDA) for 2022 is estimated to increase from EUR 7.5 million, which would have been the operating margin for 2021 without the proceeds of EUR 2.6 million from the sale of the Prime business.

Other Issues

INNOFACTOR®

Stock Exchange Releases Q4

- On October 5, 2021, Innofactor issued a stock exchange release announcing that, at its meeting on October 4, 2021, the Board of Directors of Innofactor Plc had decided to commence the acquisition of the company's own shares for the purpose of developing the company's capital structure. The company will acquire a maximum of 800,000 shares, which corresponds to approximately 2.2% of the total number of shares. The maximum amount to be used for the acquisition of shares is EUR 1,600,000. The decision was made on the basis of the authorization given by Innofactor Plc's Annual General Meeting on March 30, 2021, to acquire a maximum of 3,600,000 shares. The repurchase of shares will commence on October 5, 2021, at the earliest and will end at the latest on March 31, 2022, or at an earlier Annual General Meeting.
- On November 11, 2021, Innofactor issued a stock exchange release announcing that Innofactor Plc had been granted approximately EUR 2.3 million in damages in Stockholm Chamber of Commerce (SCC) arbitration proceedings for breach of contract. The damages relate to the purchase of Lumagate in 2016, as part of which Innofactor had agreed on an option to acquire Ironstone companies. Due to the uncertainty of recovery related to the damages, the receivable from the damages is not recognized as a receivable at this stage and has no immediate effect on profit and loss. The damages will be recognized as income when and to the extent that the claim can be recovered.
- On December 17, 2021, Innofactor announced in a stock exchange release that Innofactor and a large Finnish globally operating manufacturing industry company have signed a contract for the further development work of digitizing the company's quotation process. Innofactor will continue the development work that began in 2020, aiming to design and implement, using agile methods, a cloud-based solution for managing the quotation process and handling and storing related information and documents. The solution is implemented using Microsoft Azure PaaS cloud services. The value of the agreement (excluding VAT) is approximately EUR 1,200,000 and the services will be delivered during the year 2022.

Stock Exchange Releases after Q4/2021 (1/2)

- On January 4, 2022, Innofactor announced in a stock exchange release that it had completed the share repurchase program. Repurchases of treasury shares began on October 26, 2021, and ended on January 5, 2022. During this period, Innofactor acquired 800,000 treasury shares at an average price of EUR 1.5045. The shares were acquired at the current market price in public trading arranged by Nasdaq Helsinki Ltd.
- On January 18, 2022, Innofactor announced in a stock exchange release that the Ministry of Social Affairs and Health selected Innofactor in a public procurement competition as the provider of the Case Management, Document Management, Services and Reference Price Information System and the related maintenance and further development tasks of the Pharmaceuticals Pricing Board. The total value of the procurement (excluding VAT) stated by the Ministry of Social Affairs and Health in the procurement decision for the four-year contract period is approximately EUR 1,190,000.
- On January 20, 2022, Innofactor announced in a stock exchange release that the Housing Finance and Development Centre of Finland (ARA) had selected Innofactor in a public procurement competition as the supplier of the Sequence Number Register. The procurement includes the planning and implementation of the Sequence Number Register, the support, maintenance and further development services for the implemented solution, as well as system operation and control. The solution is based on Microsoft Azure cloud services. Innofactor's share of the total value of the procurement is approximately EUR 680,000. The minimum agreement period is three years.

Stock Exchange Releases after Q4/2021 (2/2)

- On February 16, 2022, Innofactor announced in a stock exchange release that The Finnish Safety and Chemicals Agency (Tukes) selected Innofactor in a public procurement competition as a supplier of the “Agile development of services, servicing and maintenance” section of the framework agreement on IT system development and maintenance. The framework agreement includes three sections, for which a total of four framework agreement suppliers were selected. For the section “Agile development of services, servicing and maintenance”, a total of two framework agreement suppliers were selected. The Agile development of services, servicing and maintenance section focuses on the implementation of Tukes' systems in accordance with an agile approach, service validation, the servicing and maintenance of applications, and processing and repair of disruptions. The anticipated total value of the procurement (excluding VAT) indicated by Tukes in the procurement decision for all three sections of the frame agreement is approximately EUR 6.8 million. The duration of the framework agreement is four years, plus an option for two additional years.

There are no other significant events in Innofactor after the review period.

Key points from CEO's review

- **Net sales:** Innofactor's net sales in 2021 were EUR 66.4 million (2020: 66.2), representing year-on-year growth of 0.3 percent.
- **EBITDA:** The operating margin (EBITDA) grew in the review period by 41.1 percent year-on-year and came to EUR 10.0 million (15.2 percent of net sales). Without the divestment of the Prime business, the operating margin would have grown by 5.4 percent in the review period and would have been EUR 7.6 million (11.4 percent of net sales).
- **Order backlog:** The order backlog amounted to EUR 72.8 million at the end of the quarter, representing year-on-year growth of 21 percent.
- **Organization:** The transition to the new organizational structure led to an unfortunate deterioration of net sales and profitability in the Finnish business during the second half of the year. The COVID-19 pandemic and organizational changes together led to Innofactor's highest-ever rate of employee turnover in the third quarter, which had a negative effect on net sales throughout the remainder of the year. Employee turnover returned to normal in the fourth quarter and the number of personnel began to grow again thanks to successful recruitment.

Largest shareholders December 31, 2021

Name	Number of shares	% of share capital
1. Ensio Sami	7,886,142	21.10%
<i>Ensio Sami</i>	5,712,382	15.28%
<i>Minor under guardianship</i>	724,588	1.94%
<i>Minor under guardianship</i>	724,586	1.94%
<i>Minor under guardianship</i>	724,586	1.94%
2. Ilmarinen Mutual Pension Insurance Company	1,800,000	4.81%
3. Linturi Kaija and Risto	1,256,411	3.36%
<i>R. Linturi Oyj</i>	489,107	1.31%
<i>Linturi Kaija Anneli</i>	430,000	1.15%
<i>Linturi Risto Erkki Olavi</i>	337,304	0.90%
4. Laiho Rami Tapani	1,158,694	3.10%
5. Ärje Matias Juhanpoika	854,253	2.28%
6. Mäki Antti-Jussi	613,725	1.64%
7. Tilman Tuomo Tapani	563,538	1.51%
8. Hellen Stefan Andreas	486,000	1.30%
9. Ingman Finance Oy Ab	450,000	1.20%
10. Muukkonen Teemu Heikki	410,357	1.10%
11. Järvenpää Janne-Olli	289,586	0.77%
12. Rausanne Oy	270,000	0.72%
13. Kukkonen Heikki-Harri	213,606	0.57%
14. Puolakka Petri Yrjö Emil	202,511	0.54%
15. Laiho Jari Olavi	200,371	0.54%
16. Varsio Jussi Ilari	190,000	0.51%
17. Kannisto Jaakko Mikael	183,051	0.49%
18. Mäkinen Antti Vilho Juhani	164,000	0.44%
19. Heikki Tervonen Oy	150,000	0.40%
Mandatum Life Insurance Company		
20. Limited	149,027	0.40%
TOTAL	17,491,272	46.78%



21%



5%



3%



3%

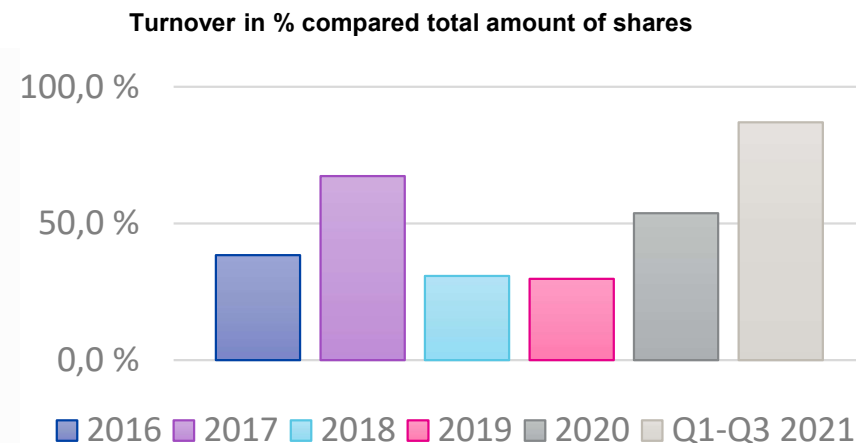


2%



2%

Innofactor Share Price Development and Turnover (Closing February 16th, 2021 at €1.36)



In public trading during the period of January 1–December 31, 2021, a total of 32,546,031 shares were traded (2020: 20,099,421), which corresponds to 87 percent (2020: 53.8%) of the average number of shares in the said period. During the period January 1–December 31, 2021, there were 37,289,660 shares on average (2020: 37,388,225). The share trading volume increased by 61.9 percent compared to the corresponding period in 2020.

Share Price Development

Beginning of 2022	- 10.23%	Year highest 2021	2.07 EUR
1 year change	- 4.56%	Year lowest 2021	1.24 EUR
3 year change	+217.76%	Target price Inderes	1.80 EUR
5 year change	+2.26%	Target price Evli	2.10 EUR
10 year change	+126.67%		

Additional Information

<https://www.innofactor.com/invest-in-us/innofactor-as-an-investment/>

Sami Ensio

CEO

+358 50 584 2029

sami.ensio@innofactor.com

Markku Puolanne

CFO

+358 400 694 114

markku.puolanne@innofactor.com

INNOfACTOR® What We Do Customers What's New Join Us Invest in Us About Us Q

Innofactor as an Investment

Innofactor Plc will publish its Interim Report for January–September 2020 on October 27, 2020. A video conference call for media, investors and analysts will be held in English on the same day beginning at 12:00 Finnish time.

PUBLISHING OF INNOFACTOR'S INTERIM REPORT JANUARY–SEPTEMBER 2020

The Leading Driver of the Modern Digital Organization in the Nordic Countries

€ 1.39			
<small>08.10.2020 09:29 AM EET</small>			
Change	%	High	Low
€ +0.03	+2.36%	€ 1.42	€ 1.36

Innofactor is the leading driver of the modern digital organization in the Nordic Countries for its over 1,500 customers in commercial, public and third sector. Innofactor has the widest solution offering and leading know-how in the Microsoft ecosystem in the Nordics. Innofactor has over 300 enthusiastic and motivated top specialists in Finland, Sweden, Denmark and Norway. In 2015–2019, the annual growth of Innofactor's net sales has been approximately 10%. The Innofactor Plc share is listed in the technology section of the main list of NASDAQ Helsinki Oy. #ModernDigitalOrganization #PeopleFirst #CreatingSmiles

Latest Stock Exchange Releases

A man with glasses, wearing a dark suit jacket over a light blue checkered shirt, is smiling and looking upwards. He is juggling a Rubik's cube, which is captured in mid-air above his head. The background is a blurred green outdoor setting. A white outline of a large letter 'U' is visible on the right side of the image. A pink rectangular box is overlaid on the left side, containing the text 'Thank You. Questions?'.

Thank You.
Questions?

INNOFACTOR®